



## AGENDA REPORT

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**To:** Chairperson Judith N. Frank and Oversight Board Members

**From:** Brian Saeki, Executive Director  
By: Nick Kimball, Finance Director

**Date:** January 26, 2016

**Subject:** **Consideration to Adopt Resolutions Approving the Administrative Budget and Recognized Obligation Payment Schedule for the Period Covering July 1, 2016 through June 30, 2017.**

### **RECOMMENDATION:**

It is recommended that the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency:

- a. Adopt Resolution No. 27 approving the Successor Agency's Administrative Budget for the twelve month period from July 1, 2016 through June 30, 2017 (Admin Budget 16-17 A&B); and
- b. Adopt Resolution No. 28 approving the Recognized Obligation Payment Schedule for the twelve month period from July 1, 2016 through June 30, 2017 (ROPS 16-17 A&B); and
- c. Authorize the Executive Director to take certain related actions.

### **BACKGROUND:**

1. Pursuant to Assembly Bill X1 26 ("AB 26"), the Successor Agency must prepare an administrative budget ("Admin Budget") and Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), both of which must be submitted to the Oversight Board for approval.
2. On June 27, 2012, the Governor signed the State budget trailer bill Assembly Bill No. 1484 ("AB 1484") amending AB 26 imposing additional requirements on successor agencies and clarifying the roles and responsibilities of the different agencies involved in the dissolution process. It also required transitioning from a six-month ROPS to an annual ROPS beginning July 1, 2016.

3. On September 23, 2015, the Governor signed Senate Bill 107 (SB 107) that imposes additional requirements on successor agencies and sets a number of milestone dates for redevelopment dissolution.
4. Some of the relevant dates prescribed in SB 107 include:
  - a. *February 1, 2016*: Deadline for successor agencies to submit first annual ROPS for July 1, 2016 - June 30, 2017 (ROPS 16-17 A&B).
  - b. *April 15, 2016*: Deadline for the Department of Finance (DOF) to make its determinations on ROPS 16-17 A&B.
  - c. *July 1, 2018*: Single county-wide oversight board takes effect (originally set to take effect July 1, 2017). Five oversight boards will be established in Los Angeles County.
5. The Admin Budget and ROPS must be submitted to the Oversight Board for review and approval. The Oversight Board-approved annual Admin Budget and annual ROPS must be submitted to the State Department of Finance ("DOF") for review by February 1<sup>st</sup> each year.
6. The Admin Budget and ROPS for the period of July 1, 2016 through June 30, 2017 (hereinafter "Admin Budget 16-17 A&B" and "ROPS 16-17 A&B," respectively) shall be submitted to the DOF by February 1, 2016.
7. On January 19, 2016, staff presented, and the Successor Agency Board approved, Admin Budget 16-17 A&B and ROPS 16-17 A&B. Upon approval from the Oversight Board, both Admin Budget 16-17 A&B and ROPS 16-17 A&B, will be transmitted to the DOF, State Controller, and County Auditor-Controller.

## **ANALYSIS:**

### **Administrative Cost Allowance**

Under AB X1 26 and AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to a maximum of 3% of the property tax allocated for enforceable obligations, but not less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount. The Administrative Cost Allowance is allocated from the Redevelopment Property Tax Trust Fund (RPTTF) by the County Auditor-Controller.

The Administrative Cost Allowance being requested by the Successor Agency is the minimum \$250,000. Staff anticipates spending a significant amount of time on property management during the ROPS 16-17 A&B period, particularly related to the Successor Agency owned downtown parking lots. Staff will be working to construct additional parking assets to attract

investment and increase economic development activity in the downtown area. Attachment C details the expected number of hours dedicated by Successor Agency staff in fiscal year 2016-2017 to develop the Successor Agency owned land.

The Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS for the same six-month fiscal period.

#### Recognized Obligation Payment Schedule

ROPS 16-17 A&B includes \$561,604 in enforceable obligations and \$250,000 in Administrative Cost Allowance for a total of \$811,604 in enforceable obligations for the period. The primary enforceable obligations for the period include: 1) debt service and related payments for 2006 TABs (\$80,000), 2) repayment of a deferred pass through loan from the County of Los Angeles (200,000), and 3) repayment of a loan per a DDA with San Fernando Mission Partnership (\$60,000).

#### **BUDGET IMPACT:**

According to estimates received from the Los Angeles Auditor Controller, there will be sufficient RPTTF available to fully fund all enforceable obligations and the Successor Agency's Administrative Cost Allowance. Additionally, there should be a significant amount of residual RPTTF available for distribution to the taxing entities.

#### **CONCLUSION:**

The deadline to submit Admin Budget 16-17 A&B and ROPS 16-17 A&B is February 1, 2016. Subsequent DOF approval will allow the Successor Agency to pay the former Redevelopment Agency's enforceable obligations for the period July 1, 2016 to June 30, 2017 and will allow the Successor Agency to continue its work to wind down the affairs of the dissolved Redevelopment Agency pursuant to applicable state regulations.

Therefore, staff recommends that the Successor Agency adopt Resolution Nos. 27 and 28, approving the Successor Agency's Admin Budget 16-17 A&B and ROPS 16-17 A&B, respectively.

#### **ATTACHMENTS:**

- A. Resolution No. 27 including Admin Budget 15-16B as Exhibit "1"
- B. Resolution No. 28 including ROPS 15-16B as Exhibit "1"
- C. Successor Agency Administrative Budget Detailed Worksheet

**Attachment “A”**

**RESOLUTION NO. 27**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**RECITALS:**

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) (“Part 1.85”), the Successor Agency to the San Fernando Redevelopment Agency (“Successor Agency”) is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. In connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City. The City Manager of the City serves as Executive Director of the Successor Agency, the Finance Director serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Redevelopment Agency’s enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with administration and operations of the Successor Agency.

C. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the Successor Agency may enter into agreements with the City with the approval of the oversight board for the Successor Agency (the “Oversight Board”).

D. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget for each fiscal period and submit each proposed administrative budget to the Oversight Board for its approval. Each proposed administrative budget shall include all of the following: (1) Estimated amounts for Successor Agency administrative costs for the applicable fiscal period; (2) Proposed sources of payment for the costs identified in (1); and (3) Proposals for arrangements for administrative and operations services provided by the City or another entity.

E. Pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund to the County Auditor-Controller for each applicable fiscal period.

F. The Successor Agency seeks the Oversight Board's approval of the administrative budget for the period of July 1, 2016 through June 30, 2017 ("Admin Budget 16-17 A&B"), in the form attached to this Resolution as Exhibit "1", and the Oversight Board's authorization to submit the approved Admin Budget 16-17 A&B, as required by Health and Safety Code 34177(k), to the County Auditor-Controller.

G. Admin Budget 16-17 A&B has been prepared in accordance with Health and Safety Code Section 34177(j) and is consistent with the requirements of the Health and Safety Code and other applicable law. The proposed source of payment of the costs set forth in Admin Budget 16-17 A&B is property taxes from the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.

H. The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 et seq., hereafter the "Guidelines"), and the City's environmental guidelines.

I. The activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The above recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** This Resolution is adopted pursuant to the provisions of Part 1.85.

**Section 3.** The Oversight Board hereby approves the proposed administrative budget for the fiscal period commencing July 1, 2016 through June 30, 2017 attached hereto as Exhibit "1" and incorporated herein by reference.

**Section 4.** The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**Section 5.** The Oversight Board determines that the activity approved by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**PASSED AND ADOPTED** this 26<sup>th</sup> day of January, 2016.

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Judith N. Frank, Chair

**ATTEST:**

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Martha Arana, Deputy Clerk  
County of Los Angeles, Board of Supervisors  
Acting as Secretary to the  
San Fernando Oversight Board

**STATE OF CALIFORNIA**           )  
**COUNTY OF LOS ANGELES**   ) ss  
**CITY OF SAN FERNANDO**     )

I, Martha Arana, that the foregoing Resolution was approved and adopted at a special meeting of the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency held on the 26<sup>th</sup> day of January, 2016, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

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Martha Arana, Deputy Clerk  
County of Los Angeles, Board of Supervisors  
Acting as Secretary to the  
San Fernando Oversight Board

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**Exhibit "1"**

**Successor Agency to the San Fernando Redevelopment Agency  
Administrative Budget 16-17 A and B  
July 1, 2016 through June 30, 2017**

<u>Direct Staff Costs</u>	<u>FY 16-17 AB (Jul-Jun)</u>
Reimbursement to the City of San Fernando, serving as Successor Agency, for direct staff costs, including, but not limited to, the following positions:	
City Manager	
Deputy City Manager/Public Works Director	
Executive Assistant to the City Manager	
City Clerk	
Community Development Director	
Associate Planner	
Community Preservation Officer (Code Enforcement)	
Finance Director	
Junior Accountant	
<i>Subtotal Direct Staff Costs</i>	<i>222,500</i>
<u>Direct O&amp;M</u>	
Contractual Services (Legal, Consulting)	22,500
Office Supplies	500
<i>Subtotal Direct O&amp;M</i>	<i>23,000</i>
<b>Total Direct Costs</b>	<b>245,500</b>
Indirect Cost Allocation (20% of O&M)	4,500
<b>Total Cost</b>	<b>250,000</b>

**Attachment “B”**

**RESOLUTION NO. 28**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**RECITALS:**

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) (“Part 1.85”), the Successor Agency to the San Fernando Redevelopment Agency (“Successor Agency”) is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. Pursuant to Health and Safety Code Section 34171(m), a “Recognized Obligation Payment Schedule” (“ROPS”) means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal period as provided in Section 34177(o)(1) of the Health and Safety Code. Therefore, the amounts listed on a ROPS are solely estimates of minimum payment amounts required of the Successor Agency for enforceable obligations for the upcoming ROPS period.

C. Pursuant to Health and Safety Code Section 34177(o)(1), the Successor Agency is required to submit the ROPS for the period of July 1, 2016 through June 30, 2017 (“ROPS 16-17 A&B”), after its approval by the Oversight Board, to the Department of Finance and the County Auditor-Controller no later than February 1, 2016.

D. The ROPS 16-17 A&B is attached to this Resolution as Exhibit “1”, and is presented to the Oversight Board for review and approval.

E. The ROPS 16-17 A&B attached to this Resolution as Exhibit “1” is consistent with the requirements of the Health and Safety Code and other applicable law.

F. Pursuant to Health and Safety Code Section 34177(o)(1)(A), the Successor Agency shall submit a copy of the Oversight Board-approved ROPS 16-17 A&B to the Department of Finance electronically and the Successor Agency shall complete the ROPS 16-17 A&B in the manner provided by the Department of Finance.

G. The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (“CEQA”), the State CEQA



Guidelines (California Code of Regulations, Title 14, Section 15000 et seq., hereafter the “Guidelines”), and the City’s environmental guidelines.

H. The activity proposed for approval by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The above recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** This Resolution is adopted pursuant to the provisions of Part 1.85.

**Section 3.** The Oversight Board hereby approves and adopts the ROPS 16-17 A&B, substantially in the form attached to this Resolution as Exhibit “1”. The Executive Director of the Successor Agency, in consultation with the Successor Agency’s legal counsel, may modify ROPS 16-17 A&B as the Executive Director or the Successor Agency’s legal counsel deems necessary or advisable to comply with applicable state law and consistent with the enforceable obligations of the Successor Agency.

**Section 4.** The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to submit a copy of ROPS 16-17 A&B to the DOF, the County Auditor-Controller and the County administrative officer as designated by the County.

**Section 5.** Staff is hereby authorized and directed, jointly and severally, to submit a copy of the Oversight Board-approved ROPS 16-17 A&B to the DOF, the Office of the State Controller, and the County Auditor-Controller.

**Section 6.** Staff is hereby authorized and directed, jointly and severally, to post a copy of the Oversight Board-Approved 16-17 A&B on the Successor Agency’s Internet website (being a page on the Internet website of the City of San Fernando).

**Section 7.** The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**Section 8.** The Oversight Board determines that the activity approved by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or

administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**PASSED AND ADOPTED** this 26<sup>th</sup> day of January, 2016.

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Judith N. Frank, Chair

**ATTEST:**

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Martha Arana, Deputy Clerk  
County of Los Angeles, Board of Supervisors  
Acting as Secretary to the  
San Fernando Oversight Board

**STATE OF CALIFORNIA**           )  
**COUNTY OF LOS ANGELES**    ) ss  
**CITY OF SAN FERNANDO**       )

I, Martha Arana, that the foregoing Resolution was approved and adopted at a special meeting of the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency held on the 26<sup>th</sup> day of January, 2016, by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

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Martha Arana, Deputy Clerk  
County of Los Angeles, Board of Supervisors  
Acting as Secretary to the  
San Fernando Oversight Board

**EXHIBIT 1**

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF SAN FERNANDO**

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE 16-17 A and B**

**(July 1, 2016 through June 30, 2017)**